

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED HOUSE BILL NO. 1015**

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the various divisions
2 under the supervision of the director of the office of management and budget; to amend and
3 reenact sections 15.1-27-25 and 48-10-02 of the North Dakota Century Code, relating to
4 distributions of royalties and the capitol building fund; to provide an exemption; to provide for
5 various transfers; to provide legislative intent; to provide for a budget section report; and to
6 provide for a legislative management study.

7 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

8 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
9 as may be necessary, are appropriated out of any moneys in the general fund in the state
10 treasury, not otherwise appropriated, and from special funds derived from federal funds and
11 other income, to the office of management and budget for the purpose of defraying the
12 expenses of that agency, for the biennium beginning July 1, 2013, and ending June 30, 2015,
13 as follows:

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
14				
15				
16	Salaries and wages	\$18,477,763	\$1,475,552	\$19,953,315
17	Operating expenses	13,755,254	991,534	14,746,788
18	Emergency commission	700,000	0	700,000
19	contingency fund			
20	Capital assets	5,190,143	4,760,922	9,951,065
21	Grants	430,000	0	430,000
22	Prairie public broadcasting	1,000,000	1,037,138	2,037,138
23	State student internship program	200,000	0	200,000
24	Health insurance pool - temporary	0	2,000,000	2,000,000

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1	employees			
2	Accrued leave payments	<u>0</u>	<u>570,412</u>	<u>570,412</u>
3	Total all funds	\$39,753,160	\$10,835,558	\$50,588,718
4	Less estimated income	<u>10,514,461</u>	<u>(783,831)</u>	<u>9,730,630</u>
5	Total general fund	\$29,238,699	\$11,619,389	\$40,858,088
6	Full-time equivalent positions	131.50	(1.00)	130.50

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO

SIXTY-FOURTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

11	<u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
12	Capitol envelope	\$2,800,000	\$0
13	Capitol complex parking lot repairs	800,000	4,000,000
14	North Dakota 125 th anniversary coordinator	50,000	190,000
15	Board of integrative health	4,000	0
16	State transfers	474,700,000	0
17	Capitol south entrance	0	1,000,000
18	Exterior restoration of legislative and j-wing	0	1,500,000
19	Prairie public broadcasting	0	700,000
20	Health insurance pool	0	2,000,000
21	Land use study	0	50,000
22	Repair and cleaning capitol and j-wing	<u>0</u>	<u>1,200,000</u>
23	Total all funds	\$478,354,000	\$10,640,000
24	Less estimated income	<u>0</u>	<u>1,000,000</u>
25	Total general fund	\$478,354,000	\$9,640,000

The 2013-15 one-time funding amounts are not a part of the entity's base budget for the 2015-17 biennium. The office of management and budget shall report to the appropriations committees of the sixty-fourth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 3. APPROPRIATION - TRANSFER GENERAL FUND TO PROPERTY TAX

RELIEF SUSTAINABILITY FUND. There is appropriated out of any moneys in the general fund

1 in the state treasury, not otherwise appropriated, the sum of \$373,210,000, or so much of the
2 sum as may be necessary, which the office of management and budget shall transfer to the
3 property tax relief sustainability fund during the biennium beginning July 1, 2013, and ending
4 June 30, 2015.

5 **SECTION 4. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - STATE**
6 **AGENCY ENERGY DEVELOPMENT IMPACT FUNDING POOL - TRANSFER AUTHORITY -**
7 **EMERGENCY COMMISSION APPROVAL.** There is appropriated out of any moneys in the

8 general fund in the state treasury, not otherwise appropriated, the sum of \$4,000,000, or so
9 much of the sum as may be necessary, and from special funds derived from federal funds and
10 other income, the sum of \$4,500,000, or so much of the sum as may be necessary, to the office
11 of management and budget for a state agency energy development impact funding pool, for the
12 biennium beginning July 1, 2013, and ending June 30, 2015. The funds provided under this
13 section are considered a one-time funding item.

14 A state agency may submit an application to the office of management and budget for a
15 transfer of appropriation authority from the state agency energy development impact funding
16 pool for employee housing rental assistance and temporary salary increases for employees
17 affected by energy development. The office of management and budget, subject to emergency
18 commission approval, shall transfer appropriation authority from the state agency energy
19 development impact funding pool to eligible agencies for approved applications.

20 1. A state agency may submit an application to the office of management and budget for
21 up to six months of rental assistance for employees in affected areas of the state.

22 a. As part of the application for rental assistance, the agency must attach the
23 employee's rental agreement from the rental property company. The rental
24 agreement must include the following information:

- 25 (1) Rental company name.
26 (2) Rental company address.
27 (3) Amount of rent.
28 (4) Effective date of lease.

29 b. The office of management and budget shall review the application for rental
30 assistance and make a recommendation to the emergency commission to
31 approve or reject the request. The emergency commission shall make the final

- 1 determination on the application. The applications must be reviewed on an
2 individual basis based on documented need and affordability.
- 3 c. Rental assistance payments must be based on a housing survey conducted by
4 the agency submitting an application to determine statewide and local housing
5 averages, subject to review and recommendation by the office of management
6 and budget and approval by the emergency commission. Employees eligible to
7 receive rental assistance include employees currently renting in designated areas
8 of the state and new employees or existing employees transferring into affected
9 areas of the state. The rental assistance payment must be a flat dollar amount
10 based on the difference between the state rental rate average and the rental
11 rates for similar housing in the location where the employee resides. When
12 determining the difference in rental rates, consideration must be given to the
13 appropriate amount of housing space needed for an employee based on the
14 number of immediate family members living with the employee. The rental rate
15 difference calculation may not include costs for garage space for an employee's
16 personal vehicle.
- 17 d. A state agency that has an employee or employees receiving rental assistance
18 must submit documentation to the office of management and budget upon
19 request that verifies the employee's proof of payment.
- 20 e. A state agency must report any changes to the office of management and budget
21 of the housing status of employees for whom an application has been approved.
- 22 2. A state agency may submit an application for up to six months of salary differential
23 payments for employees living in or temporarily assigned to areas of the state affected
24 by energy development. The application must document the salary level of each
25 affected employee compared to statewide and local averages for similar types of
26 employee positions. The office of management and budget shall review the application
27 for salary differential payments and make a recommendation to the emergency
28 commission to approve or reject the request. The emergency commission shall make
29 the final determination on the application. Any salary differential payment provided to
30 an employee does not become part of the employee's permanent base salary.

1 **SECTION 5. COMMUNITY SERVICE SUPERVISION GRANTS - FUNDING**

2 **ALLOCATIONS - ADDITIONAL INCOME APPROPRIATION.** The grants line item in section 1
3 of this Act includes the sum of \$375,000 from the general fund for the purpose of providing
4 community service supervision grants. The office of management and budget shall distribute the
5 grant funds on or before August first during each year of the biennium beginning July 1, 2013,
6 and ending June 30, 2015, to North Dakota community corrections association regions as
7 follows:

8 Barnes County	\$9,091
9 Bismarck (urban)	20,293
10 Bismarck (rural)	10,667
11 Devils Lake	10,747
12 Dickinson	12,683
13 Fargo	24,127
14 Grand Forks	19,803
15 Jamestown	13,883
16 Minot	16,194
17 Richland County	9,931
18 Rugby	11,657
19 Sargent County	8,086
20 Wells County	8,189
21 Williston	<u>12,149</u>
22 Total	\$187,500

23 Any moneys in the community service supervision fund are appropriated to the office of
24 management and budget for distribution to community corrections association regions on or
25 before August first of each year during the biennium beginning July 1, 2013, and ending
26 June 30, 2015.

27 **SECTION 6. MISSOURI RIVER CORRECTIONAL CENTER STUDY - BUDGET SECTION**

28 **REPORT.** The operating expenses line item in section 1 of this Act includes the sum of \$50,000
29 from the general fund which must be used by the office of management and budget to contract
30 for a land use study of the Missouri River correctional center site. The study must review
31 options to relocate the center to another site, options to develop all or a portion of the current

1 site into a day park, and options to continue agriculture activities on the current site. The study
2 may not include a review of options to develop the land for residential, commercial, or industrial
3 purposes. During the 2013-14 interim, the office of management and budget shall provide a
4 report to the budget section regarding the results of the study.

5 **SECTION 7. OFFICE OF MANAGEMENT AND BUDGET - TEMPORARY EMPLOYEE**

6 **HEALTH INSURANCE POOL - TRANSFER AUTHORITY.** The office of management and
7 budget may transfer to each eligible agency appropriation authority from the health insurance
8 pool - temporary employees line item contained in section 1 of this Act. Transfers may be made
9 for the purpose of providing temporary employee health insurance adjustments for state
10 employees, including institutions of higher education, determined to be full time based on
11 guidelines developed by the office of management and budget in accordance with the shared
12 responsibility provisions of the Affordable Care Act for the biennium beginning July 1, 2013, and
13 ending June 30, 2015.

14 **SECTION 8. EXEMPTION.** The amount appropriated for the fiscal management division, as
15 contained in section 1 of chapter 15 of the 2009 Session Laws is not subject to the provisions of
16 section 54-44.1-11. Any unexpended funds from this appropriation are available for continued
17 development and operating costs of the accounting, management, and payroll systems, during
18 the biennium beginning July 1, 2013, and ending June 30, 2015.

19 **SECTION 9. INTENT.** Within the authority included in section 1 of this Act are the following
20 grants and special items:

21 Boys and girls clubwork	\$53,000
22 State memberships and related expenses	\$611,000
23 Unemployment insurance	\$1,500,000
24 Capitol grounds planning commission	\$25,000

25 **SECTION 10. STATE STUDENT INTERNSHIP PROGRAM.** The human resources division
26 of the office of management and budget may transfer to each eligible agency appropriated
27 general fund spending authority from the state student internship program line item contained in
28 section 1 of this Act.

29 **SECTION 11. FUNDING TRANSFERS - EXCEPTION - AUTHORIZATION.**

30 Notwithstanding section 54-16-04, agencies may transfer appropriation authority between line
31 items, as it relates to compensation increases authorized in section 12 of this Act, for the

1 biennium beginning July 1, 2013, and ending June 30, 2015. However, agencies may not
2 transfer appropriation authority from the accrued leave payments line item under authority
3 granted in this section. The agencies shall notify the office of management and budget of any
4 transfer made pursuant to this section.

5 **SECTION 12. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES -**

6 **BUDGET SECTION APPROVAL.** It is the intent of the sixty-third legislative assembly that
7 2013-15 biennium compensation adjustments for classified state employees are to be in a
8 range of 3 to 5 percent for the first year of the biennium and in a range of 2 to 4 percent for the
9 second year of the biennium based on documented performance. Increases for classified state
10 employees are not to be the same percentage increase for each employee. The performance
11 increases for the first year of the biennium are to be given beginning with the month of July
12 2013, to be paid in August 2013, and for the second year of the biennium are to be given
13 beginning with the month of July 2014, to be paid in August 2014. An additional compensation
14 adjustment for each year of the biennium of up to 2 percent for a classified state employee
15 whose salary is in the first quartile of the employee's assigned salary range and up to 1 percent
16 for a classified state employee whose salary is in the second quartile of the employee's
17 assigned salary range may be provided to address market equity.

18 It is the intent of the sixty-third legislative assembly that the goal of the classified state
19 employee compensation program be a compensation ratio of 95 percent of the market policy
20 point used by the office of management and budget for establishing the grade and salary range
21 structure for fiscal year 2013. The office of management and budget, subject to budget section
22 approval may adjust the market policy point based on an estimated inflationary factor during the
23 2013-15 biennium. The office of management and budget shall develop guidelines for use by
24 state agencies for providing compensation adjustments for regular classified employees in
25 accordance with provisions of this section and section 54-44.3-01.2.

26 Compensation adjustments for regular nonclassified state employees are to be in a range of
27 3 to 5 percent for the first year of the biennium and in a range of 2 to 4 percent for the second
28 year of the biennium based on market and documented performance and are not to be the
29 same percentage increase for each employee. The market and performance increases are to
30 be given beginning with the month of July 2013 for the first year of the biennium, to be paid in

1 August 2013, and beginning with the month of July 2014 for the second year of the biennium, to
2 be paid in August 2014.

3 Probationary employees are not entitled to the market and performance increases.
4 However, probationary employees may be given all or a portion of the increases upon
5 completion of probation, at the discretion of the appointing authority. Employees whose overall
6 documented performance level does not meet standards are not eligible for any salary increase.

7 Each agency appropriation is increased to provide additional funding of \$95 per month for
8 each eligible employee to maintain existing health insurance benefits. As a percentage of the
9 average state employee monthly salary, this amount represents a 2.35 percent increase.

10 **SECTION 13. ACCRUED LEAVE PAYMENTS LINE ITEM - PILOT PROJECT - LINE ITEM**
11 **TRANSFERS - EMERGENCY COMMISSION APPROVAL.** The accrued leave payments line
12 item included in agency appropriation bills, as approved by the sixty-third legislative assembly,
13 includes funding for a pilot project for the biennium beginning July 1, 2013, and ending June 30,
14 2015, for paying accrued annual leave and sick leave for eligible employees resigning, retiring,
15 or otherwise discontinuing employment with the agency. The emergency commission may
16 approve agency requests for line item transfers from the accrued leave payments line item to
17 the salaries and wages line item or other line item that includes salaries and wages funding
18 subject to the agency providing documentation justifying the need for the funding transfer for the
19 biennium beginning July 1, 2013, and ending June 30, 2015. For the purpose of determining
20 salaries and wages amounts under section 54-27-10, the office of management and budget
21 shall consider the amounts included in the accrued leave payments line item as part of the
22 appropriation for salaries and wages.

23 **SECTION 14. AMENDMENT.** Section 15.1-27-25 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **15.1-27-25. Royalties available under federal law - Distribution to counties and school**
26 **districts - Continuing appropriation.**

27 1. Any money paid to the state by the secretary of the treasury of the United States
28 under the provisions of an Act of Congress entitled "An Act to promote the mining of
29 coal, phosphate, oil, oil shale, gas, and sodium on the public domain" [Pub. L. 66-146;
30 41 Stat. 437; 30 U.S.C. 181 et seq.] must be credited to the state general fund and the

- 1 federal mineral royalties distribution fund and must be distributed only pursuant to the
2 terms of this section.
- 3 2. Within three months following the calendar quarters ending in March, June,
4 September, and December, the state auditor shall certify to the state treasurer the
5 amount of money the state received during the preceding calendar quarter for royalties
6 under the Act of Congress cited in subsection 1.
- 7 3. The state treasurer shall allocate the percentage of the total moneys received as
8 required by this section among the counties in which the minerals were produced
9 based on the proportion each county's mineral royalty revenue bears to the total
10 mineral royalty revenue received by the state for that calendar quarter. The state
11 treasurer shall pay the amount calculated to each county.
- 12 4. The counties may use any money received under this section only for the planning,
13 construction, and maintenance of public facilities and the provision of public services.
14 As used in this section, public facilities include any facility used primarily for public use
15 as determined by the board of county commissioners whether located on public or
16 private property.
- 17 5. The percentage of money received by the state under the Act of Congress cited in
18 subsection 1 which must be allocated and paid to the counties under this section is ~~ten~~
19 percent for collections in 2000, twenty percent for collections in 2001, thirty percent for
20 collections in 2002, forty percent for collections in 2003, and fifty percent for
21 collections in 2004 and thereafter.
- 22 6. Any remaining money received by the state under the Act of Congress cited in
23 subsection 1 must be distributed to school districts as provided for in this chapter. Any
24 moneys distributed under this subsection are deemed the first moneys withdrawn or
25 expended from the general fund for the purpose of state aid to school districts.
- 26 7. A reserve for distributions to counties pursuant to this section is created as a special
27 fund in the state treasury known as the federal mineral royalties distribution fund. The
28 state treasurer shall deposit in the fund fifty percent of amounts received pursuant to
29 this section.
- 30 8. The funds needed to make the distribution to counties, as provided for in this section,
31 are hereby appropriated on a continuing basis.

1 **SECTION 15. AMENDMENT.** Section 48-10-02 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **48-10-02. Capitol building fund to be administered by the capitol grounds planning**
4 **commission - Continuing appropriation - Procedure for expenditure of certain funds.**

5 The capitol grounds planning commission shall have general powers to superintend the
6 administration of the capitol building fund, its interest and income fund, and its investments and
7 properties. It may cause any lands now held in such funds to be sold at market value, direct the
8 conversion of any securities now held by such funds to cash, approve expenditures from such
9 funds subject to law and legislative appropriations, and to do all other things necessary to carry
10 out the intent and purposes of this section. The board of university and school lands or its
11 designee, on the commission's behalf, shall see to the investment and management of the
12 capitol building fund and its interest and income fund and shall account to the commission
13 concerning these funds at the commission's request.

14 Provided further, all moneys and other property in the capitol building fund, except as
15 otherwise appropriated, are hereby dedicated and reserved to the exclusive purpose of the
16 construction of an addition to the legislative wing of the state capitol building, and the capitol
17 grounds planning commission shall take necessary steps to accumulate and conserve the
18 money and property in the capitol building fund for such purpose.

19 The commission may, during any biennium, expend from the interest and income fund of
20 the capitol building fund a sum not to exceed fifty percent of the unencumbered balance on the
21 first day of any biennium, and such amount is hereby appropriated to the capitol grounds
22 planning commission. The expenditure may be made, after consideration of the capitol grounds
23 master plan, for projects or planning but ~~shall~~may not exceed ~~one hundred~~two hundred fifty
24 thousand dollars per biennium. The expenditure may only be made upon approval by two-thirds
25 of the total membership of the commission. The expenditure must be made upon a voucher, or
26 vouchers, prepared by the office of management and budget at the direction of the commission.

27 **SECTION 16. LEGISLATIVE MANAGEMENT STUDY - STATE EMPLOYEE HEALTH**

28 **INSURANCE PREMIUMS.** The legislative management shall consider studying, during the
29 2013-14 interim, the feasibility and desirability of establishing a maximum state contribution to
30 the cost of state employee health insurance premiums. The legislative management shall report

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- 1 its findings and recommendations, together with any legislation required to implement the
- 2 recommendations, to the sixty-fourth legislative assembly.